

## **REMARKS**

Claims 1-7, 9-13, and 15-23 remain in this application. Claim 1, 11 and 15 have been amended.

Attached hereto is a marked-up version of the changes made to the claims by the current amendment. The attached page is captioned "Version With Markings To Show Changes Made"

### ***35 U.S.C. §112, Second Paragraph: Rejection of Claims 11-13***

Applicants respectfully submits that claims 11-13, as amended, satisfy the requirements of 35 U.S.C. §112, second paragraph and respectfully requests the withdrawal of the rejection of the claims under §112.

### ***35 U.S.C. §103(a): Rejection of Claims 1, 15, & 22***

Independent claims 1, 15, and 22 and dependent claims 2, 5, & 23 were rejected under 35 U.S.C. §103(a) as being obvious over Franklin et al., US Patent Number 6,055, 518 ("Franklin"). Applicants respectfully traverses the rejection as the single reference does not teach the invention as claimed.

Specifically, claim 1 states:

A universal auction system having a programmable auction server, the programmable auction server comprising:

a plurality of auction modules wherein at least one auction module corresponds to at least one function of an auction selected from the group consisting of a bid verifier, an information manager, a clearer, a registration manager, a bid transformer, and a proxy bidder, **the bid transformer implements one of pre defined discriminating allocation market protocols and arbitrarily established discriminating allocation market protocols.**

Franklin relates to an auction system in which bidders send secret bids to an auction server. [column 2, lines 22-25]. The cryptographic techniques ensure that the auction house and the bidders are protected against malicious acts of others. [column 2, lines 28-37]. Specifically, Franklin ensures that (i) bids of correct bidders are not revealed until after the bidding period has ended, (ii) the auction house collects payment for the winning bid, (iii) losing bidders forfeit no money, and (iv) only the winning bidder can collect the item. [column 2, lines 33-37]. Therefore, Franklin is only beneficial when the auction is of a “sealed-bid” type. In this way, Franklin is similar to other simple auction systems that are static and do not allow for the customization of specific business environments with more complex auction market protocols.

In contrast, claim 1 discloses a universal auction system having a programmable auction server. The universal auction server implements business rules for defining market protocols including rules for a bid transformer. As claimed in claim 1, “the bid transformer implements one of predetermined discriminating allocation market protocols and arbitrarily established discriminating allocation market protocols.”

In general, the claimed bid transformer recognizes that, at times, some bidders may need to be differentiated from others in order to give certain bidders discounts or to allow certain bidders to buy in bulk. Therefore, the claimed discriminating allocation market protocols may be based upon the identify of the bidders submitting the bid, the quantities allocated to a bidder identity, or any other condition that a market designer (e.g., programmer) designates.

Nowhere, in Franklin does it teach or suggest a bid transformer. Nor does Franklin suggest or teach the use of any types of “established discriminating allocation market protocols” as claimed. In fact, Franklin is motivated by the fairness of a sealed-bid auction to all bidders equally. [column 1, line 39]. Here, Franklin attempts to ensure fairness by maintaining the

secrecy of sealed bids prior to the close of the bidding period. [column 1, line 41-43].

In addition, in the Office Action, it was stated that Franklin shows elements that suggest a bid transformer in column 4, lines 18-29; and column 5, lines 58-64. The Applicants respectfully disagree with this interpretation of Franklin. Franklin discloses in column 4, lines 18-29 that well-known private and public keys may be designated between the servers and the trades to verify the transmitted bids. As stated before, this is to ensure the fairness of the auction to all bidders. Franklin discloses in column 5, lines 58-64 a technique of breaking a secret bid into  $n$  shares in a way that a process attempting to reconstruct the secret can verify that a share has not been altered prior to using it in reconstruction. Again, this is technique for ensuring the secrecy and fairness of a sealed bid. However, neither of these referenced sections of Franklin suggest or teach a bid transformer that “implements one of predetermined discriminating allocation market protocols and arbitrarily established discriminating allocation market protocols” as claimed, and described above.

Independent claims 15 and 22 include elements similar to claim 1, and therefore at least for the reasons stated above, the Applicants respectfully request withdrawal of the rejections to these claims.

***35 U.S.C. §103(a): Rejection of Claims 9-10 and 16-21***

Dependent claims 9-10 and 16-21 were rejected under 35 U.S.C. §103(a) as being unpatentable over Franklin in view of Minton US Patent Number 6,014,643 (“Minton”).

Milton discloses a data processing system for allowing individuals to buy and sell securities directly from other individuals, with minimal oversight by a broker. [column 2, line 60-64]. However, neither Franklin nor Milton teach or suggest a bid transformer as described above for claim 1. Hence, because

claims 9-10 and 16-21 are each dependent on one of the claims 1 and 15, at least for the reasons stated above, the Applicants respectfully request withdrawal of the rejections to these claims.

Accordingly, Applicant respectfully submits that Applicants' invention as claimed is not rendered obvious by Franklin, and respectfully request the withdrawal of the rejection under 35 U.S.C. §103(a).

### **SUMMARY**

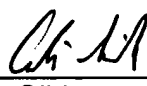
Applicant respectfully submit the present application, as amended, is in condition for allowance. If the Examiner believes a telephone conference would expedite or assist in the allowance of the present application, the Examiner is invited to call André Gibbs at (408) 720-8300.

Authorization is hereby given to charge our Deposit Account No. 02-2666 for any charges that may be due.

Respectfully submitted,

BLAKELY, SOKOLOFF, TAYLOR & ZAFMAN

Date: Sept 24 2001

  
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VERSION WITH MARKING TO SHOW CHANGES MADE

IN THE CLAIMS:

Claim 1 has been amended as follows:

1. (Amended Twice) A universal auction system having a programmable auction server, the programmable auction server comprising:  
a plurality of auction modules wherein at least one auction module corresponds to at least one function of an auction selected from the group consisting of a bid verifier, an information manager, a clearer, a registration manager, a bid transformer, and a proxy bidder, the bid transformer to implement [implements] at least one of a predetermined set of discriminating allocation market protocols [and arbitrarily established discriminating allocation market protocols].

Claim 11 has been amended as follows:

11. (Amended) The universal auction system as in claim [8] 22, wherein the market specification console is coupled to a programmable auction server wherein said programmable auction server is adapted to receive market protocols from said market specification console, the market specification console having a graphic user interface (GUI).

Claim 15 has been amended as follows:

15. (Amended Twice) A method of designing a universal auction system comprising:  
generating a plurality of auction modules in a programmable auction server, wherein at least one auction modules corresponds to at least one

function of an auction selected from the group consisting of a bid verifier, an information manager, a clearer, and a registration manager; and

implementing at least one transaction selected from the group consisting of a bid verification, and a bid transformation, wherein the bid transformation is based upon one of a predetermined set of discriminating allocation market protocols[ and arbitrarily established discriminating allocation market protocols].